

TEN-YEAR AFFORDABLE HOUSING COMPLIANCE PLAN

LAKE FOREST REDEVELOPMENT AGENCY

2004-05 THROUGH 2013-14

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HOUSING COMPLIANCE OBJECTIVES

California Community Redevelopment Law, Health and Safety Code Sections 33000 et. seq. ("CRL") requires all redevelopment agencies to prepare and adopt affordable housing compliance plans on a ten year cycle, with updates corresponding with adoption of their five year implementation plans. The housing compliance plan must identify how a redevelopment agency will achieve the affordable housing production requirements for each of its redevelopment project areas. The compliance plan must be consistent with the jurisdiction's housing element and must also be reviewed and, if necessary, amended at least every five years in conjunction with the cyclical preparation of the housing element or the agency's five year implementation plan.

This section of the Implementation Plan addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current ten-year planning period (fiscal years 2004-05 to 2013-14) ("Compliance Period"). This Implementation Plan amends the Agency's Updated 2004-05 Ten-Year Affordable Housing Compliance Plan adopted on December 4, 2007 and presents an updated affordable housing plan through the duration of the Compliance Period.

The Agency is required to set aside 20% of the tax increment revenue it receives from the Project Area into a special fund for housing ("Housing Fund") utilized to increase and improve the community's supply of affordable housing to targeted income groups pursuant to the CRL. The Agency has the authority to expend Housing Fund dollars either inside or outside the Project Area¹.

Redevelopment agencies use implementation plans to establish ten-year objectives to achieve compliance with the CRL in its affordable housing programs. These generally fall into three categories:

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten-year period and the effectiveness (term) of a redevelopment project. A redevelopment agency is required to ensure that a percentage of these units are made available and affordable to low and moderate income households. These required affordable units are typically referred to as "Inclusionary Units."
- Replacement Housing – Another legal obligation for redevelopment agencies to ensure that any housing units occupied by low or moderate income persons destroyed or removed as a result of an agency redevelopment project are replaced within four years.

¹ Section 33413(b)(2)(A)(ii) of the CRL provides that the Agency's obligations under Section 33413 may be met by providing affordable housing outside the Project Area on a two-for-one basis. The Agency has and will continue to make the appropriate findings of benefit by resolution when approving a project or program outside of the Project Area that uses housing set-aside funds.

- Expenditures by Household Types – Specific requirements on the amount of housing set-aside funds an agency must spend over a ten-year period on housing affordable to very low income households, low income households, and housing for residents under the age of 65.

The Agency's housing obligations for the term of this Compliance Period are:

- To account for the number of affordable dwelling units, either constructed or substantially rehabilitated in the Project Area, since its adoption;
- To account for the lack of housing replacement obligations;
- To forecast the estimated number of dwelling units to be privately developed or substantially rehabilitated between fiscal years 2004-05 through 2013-14 and over the duration of the Redevelopment Plan;
- To project the availability of Agency revenue for funding affordable housing production;
- To identify implementation policies/programs and potential sites for affordable housing development;
- To establish a timeline for implementing this Compliance Plan to ensure that the requirements of Section 33413 of the CRL are met during the ten-year period between fiscal years 2004-05 and 2013-14; and
- To review the consistency of the Agency's affordable housing goals, objectives, and programs pursuant to the City's Housing Element.

PAST AFFORDABLE HOUSING ACTIVITY

The Public Value & Benefit of Redevelopment

The following summarizes the Agency's efforts to provide affordable housing throughout the City over the last ten years.

Housing Fund Expenditures

Bellecour Way Community - Trammel Crow

In Fiscal Year 2001-02, the Agency collaborated with Trammel Crow Residential (TCR) to provide new affordable housing units outside of the Project Area, within the City of Lake Forest. The Agency and TCR entered into an Affordable Housing Agreement that secures the provision of six (6) affordable housing units for a 15 year period. Of the six units restricted to maintain affordable rents, four (4) one-bedroom units have been reserved for occupancy by low income persons or families and two (2) one bedroom units have been reserved for occupancy by moderate income persons or families.

The project, now completed and occupied, is located on the north side of Osterman Road, between Normandale Drive and Pittsford. This project site was designated in the City's previous Housing Element as one of the three potential housing sites within the City that could accommodate future residential development required to meet the City's Regional Housing Needs Assessment (RHNA). The community is named Bellecour Way and consists of 131 apartment homes including one-bedroom flats and two and three bedroom townhomes. The Agency and TCR have worked together to create an affordable housing component for Alexan Bellecour that consists of providing six (6) affordable housing units within the complex's 131 units. The six units are one bedroom flats and include a one-car garage, storage closet, full-size washer/dryer, gas range, refrigerator, dishwasher, built-in microwave, dual entrance bath, garden tub, balcony and a generous amount of windows. Pursuant to the Agreement, the Agency provided a one time financial incentive of \$163,000 of Housing Set-Aside Funds to restrict the six units for a period of 15 years as documented with annual monitoring reports. Of this amount, \$20,000 has since been repaid to the Agency, making the total Agency contribution \$143,000.

Community Development Block Grant ("CDBG") Program Funding

The Agency's previous lack of tax increment revenues slowed its housing progress during the prior ten years. However, the City has cooperated with the Agency to expand housing opportunities for low and moderate-income residents through the use of CDBG funds. The City's CDBG program has provided funding for a number of low/moderate housing programs. The following describes the City's past efforts in providing and improving the community's supply of affordable housing.

Housing Unit Rehabilitation:

The City's Housing Rehabilitation Loan Program (funded with CDBG and recently augmented with the Housing Fund) offers assistance to all eligible homeowners with homes in need of repairs.

- In FY 2004-05, 7 low to moderate-income homeowners within the Project Area were assisted with low interest (3%) or deferred interest loans to repair and replace roofs, provide new energy-efficient windows, repair electrical and plumbing deficiencies, paint interior/exterior surfaces and correct health, safety and building code violations. A total of \$52,500 was expended within the Project Area.
- In FY 2005-06, 7 low to moderate-income homeowners within the Project Area were assisted with low interest (3%) or deferred interest loans to repair and replace roofs, provide new energy-efficient windows, repair electrical and plumbing deficiencies, paint interior/exterior surfaces and correct health, safety and building code violations. A total of \$54,102 was expended within the Project Area.
- In FY 2006-07, 11 low to moderate-income homeowners within the Project Area were assisted with low interest (3%) or deferred interest loans to repair and replace roofs, provide new energy-efficient windows, repair electrical and plumbing deficiencies, paint interior/exterior surfaces and correct health, safety and building code violations. A total of \$73,050 was expended within the Project Area.
- In FY 2007-08, 5 low to moderate-income homeowners within the Project Area were assisted with low interest (3%) or deferred interest loans to repair and replace roofs, provide new energy-efficient windows, repair electrical and plumbing deficiencies, paint interior/exterior surfaces and correct health, safety and building code violations. A total of \$45,000 was expended within the Project Area.
- In FY 2008-09, 4 low to moderate-income homeowners within the Project Area were assisted with low interest (3%) or deferred interest loans to repair and replace roofs, provide new energy-efficient windows, repair electrical and plumbing deficiencies, paint interior/exterior surfaces and correct health, safety and building code violations. A total of \$40,000 was expended within the Project Area.

The Housing Rehabilitation Loan Program guidelines were updated in June 2008 to respond to changes in the local housing market and better meet community needs. Updates included, among other things, changes to financial limits such as the minimum and maximum loan amount, clarification of program priorities and loan requirements, and changes to make the document more user friendly.

Assistance to Low/Moderate-Income Residents through Public Service Programs

The City contracts with non-profit organizations to provide valuable services to the community such as emergency shelter, transitional housing, food and clothing distribution, before and after school childcare programs, fair housing and referral services.

- In FY 2004-05, a total of \$86,860 in funding was provided to private/non-profit agencies and/or programs to provide assistance to approximately 7,020 low/moderate income residents from Lake Forest.
- In FY 2005-06, a total of \$83,385 in funding was provided to private/non-profit agencies and/or programs to provide assistance to approximately 5,327 low/moderate income residents from Lake Forest.
- In FY 2006-07, a total of \$70,149 in funding was provided to private/non-profit agencies and/or programs to provide assistance to approximately 4,196 low/moderate income residents from Lake Forest.
- In FY 2007-08, a total of \$68,044 in funding was provided to private/non-profit agencies and/or programs to provide assistance to approximately 4,484 low/moderate income residents from Lake Forest.
- In FY 2008-09, a total of \$70,774 in funding was provided to private/non-profit agencies and/or programs to provide assistance to approximately 2,892 low/moderate income residents from Lake Forest.

Families Forward

In July 2008, the Agency issued a Request for Proposals (RFP) to partner with a nonprofit to provide transitional housing. Families Forward, an Orange County nonprofit that assists families in financial crisis to achieve and maintain self-sufficiency, responded to the proposal and was selected to partner with the Agency. The Agency will identify and acquire up to four housing units for transitional housing, which will be leased to Families Forward. The lease would require Families Forward to sublease the units to income-qualified families for transitional housing and offer its full range of supportive services to its tenants. The Agreement provides for a not-to-exceed expenditure of \$500,000 from the Agency's Low/Moderate Income Housing Fund (Housing Fund). These funds have been encumbered and sufficient funds are available in the Housing Fund to accommodate the expenditure.



PROPOSED AFFORDABLE HOUSING PROGRAM

Five Year Work Program for Balanced Communities

The following represent programs and projects that may be implemented by the Agency over the next five years. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved. Additionally, the Agency has estimated the number of affordable units that may be assisted by each project and program listed. This is a planning document only; actual programs and projects are subject to funding availability and Agency Board approval.

PROPOSED HOUSING PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 1


Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Expanded Housing Rehabilitation Loan Program	Continue the Agency's Expanded Housing Rehabilitation Loan Program which began in FY 2007-08. The program expanded the City's housing rehabilitation loan program by making it available to homeowners (between low and moderate income levels) who currently do not qualify for the CDBG rehabilitation program. The program is designed to meet the Agency housing and neighborhood preservation goals.	2008-09 to 2018-19	Affordable Housing	\$1,363,672	 LIVE  REVITALIZE

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

PROPOSED HOUSING PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 1


Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Purchase of Affordability Covenants on Existing Units	The Agency will explore the possibility of soliciting the reservation of rental units as affordable (to very low, low and moderate income persons or households) from owners of existing rental properties within the City. The Agency will focus its efforts on multi-family projects that have existing affordability restrictions that may be in danger of losing such restrictions from the termination of the property's mortgage or because of sale or refinancing. Additionally, the Agency will evaluate and consider multifamily properties that are in need of upgrading or rehabilitation, thereby improving residential units while reserving them as affordable to low and moderate income households. The Agency will consider additional future potential partnerships as fund and needs dictate.	2010-11 to 2018-19	Affordable Housing	\$500,000	

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

PROPOSED HOUSING PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 1


Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Incentives for New Affordable Housing Units	The Agency will assist the City in its efforts to facilitate new affordable housing within the City on a case-by-case, as needed basis. The Agency will make funds available when appropriate to assist such new housing - to both ownership and rental projects through Affordable Housing Fee Write Downs and Financial Incentives to Developers. Multi-family projects in the OSA may provide an excellent opportunity for new affordable units in partnership with the Agency. All units assisted with Agency funds will be reserved for the required 45 year (ownership housing) and 55 year (rental housing) periods.	2012-13 to 2013-14	Affordable Housing	\$1,000,000	 LIVE

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

PROPOSED HOUSING PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 1





Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Provision of Transitional Living Units	Agency intends to acquire and rehabilitate up to four units of housing (transitional living housing for homeless families or families about to become homeless) and enter into a partnership with a non-profit organization to provide transitional living accommodations and services to the homeless and persons threatened with homelessness. The nonprofit partner will rent the units at affordable rates to individuals or families in need of transitional housing due to loss of employment, financial hardships, medical emergencies and similar situations. The nonprofit partner additionally provides social services to the individuals or families to assist them in remedying their particular hardship and in the transition to securing permanent housing.	2009-10	Affordable Housing	\$500,000	 LIVE

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

PROPOSED HOUSING PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 1


Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Purchase and Rehabilitation of Distressed Housing Units	The economic downturn has resulted in the foreclosure and/or, in some cases, the deterioration of homes and multifamily properties within the City. The Agency will review the potential acquisition and rehabilitation of such properties utilizing its LMIHF. If acquired the Agency will either rent or sell such units at affordable housing costs. Existing hotels may also present opportunities for potential conversion to multi-family housing. Should such an opportunity present itself, the Agency will evaluate the associated benefits/costs.	2009-10 to 2010-11	Affordable Housing & Deteriorated / Dilapidated Buildings	\$1,000,000	 REVITALIZE  LIVE
First-Time Homebuyer Program	Evaluate the benefits and costs of providing assistance to first-time homebuyers, and provide assistance if feasible and beneficial. The evaluation would include the feasibility of extending a program to single-family, multi-family, and mobile home owners.	2009-10	Affordable Housing	\$500,000	 LIVE
Rehabilitation of Rental Properties	Provide funds to assist the rehabilitation of rental properties occupied by low and moderate income households. Properties assisted may also include multi-family residential and mobile homes.	2010-11 to 2013-14	Affordable Housing	\$500,000	 LIVE

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

PROPOSED HOUSING PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 1

Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Saguaro Neighborhood Improvements	The Saguaro Neighborhood Improvement Strategy consists of a strategic plan to improve health, safety, and aesthetics through dialogue with property owners, continued code enforcement presence, and exploring potential beautification through public/private partnerships. The Agency plans to remain open as opportunities present for improvements in the neighborhood and potential acquisition of units. Acquisition would be limited to units listed for sale on the open market. Acquired units, if any, would be rehabilitated and rented to income eligible families and would be subject to maintenance and occupancy standards.		Affordable Housing & Unsafe / Unhealthy Buildings & Depreciated / Stagnant Property Values	Unknown	 REVITALIZE LIVE ACCESS PROTECT
Total Preliminary Housing Fund Cost Estimate				\$5,363,672	

LAKE FOREST REDEVELOPMENT PROJECT AREA



Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

CDBG Funded Projects and Programs

Over the next five years, the Agency also plans to use CDBG monies to fund both housing and non-housing projects and programs in the Project Area. The list below describes proposed housing projects, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved. Some of the following projects may overlap with certain Housing Projects & Programs as these projects have multiple sources of funding.

PROPOSED CDBG FUNDED PROJECTS & PROGRAMS 2009-10 THROUGH 2013-14

TABLE 2

Project Name	Description	Timeframe	Blighting Condition Addressed	Preliminary Cost Estimates	Goals Achieved
Neighborhood Pride Paint Program	Program goal is to improve the aesthetic quality of neighborhoods by providing exterior painting to an estimated total of six to seven homes and/or mobile homes citywide each year. Properties must be owner-occupied, homeowners must income-qualify, homes must be in need of painting as determined by the City, and the existing exterior paint must be lead-free.	2009-10 to 2013-14	Dilapidation & Deterioration	\$200,000 (CDBG)	 REVITALIZE
Housing Rehabilitation Loan Program	The Loan Program will assist low- to moderate-income households with repairs and improvements to their homes. Maximum loans of \$30,000 for homes and \$15,000 for mobile homes are available for repairs or improvements including roofing, plumbing, electrical work, flooring, painting and other improvements. Properties must be owner-occupied, and the households must not exceed maximum annual income levels.	2009-10 to 2013-14	Dilapidation & Deterioration	\$1,050,000 (CDBG)	 REVITALIZE
Total Preliminary CDBG Cost Estimate				\$1,250,000	

HOUSING PRODUCTION

Since 1976, redevelopment agencies have been required to assure that at least 30% of all new or substantially rehabilitated units developed by an agency are available at affordable costs to households of very low, low, or moderate income. Of this 30%, not less than 50% are required to be available at affordable costs to very low income households. Further, for all units developed in the project area by entities other than an agency, the CRL requires that at least 15% of all new or substantially rehabilitated dwelling units within the project area be made available at affordable costs to low or moderate income households. Of these, not less than 40% of the dwelling units are required to be available at affordable costs to very low-income households. These requirements are applicable to housing units on an aggregated basis, and not on a project-by-project basis to each dwelling unit created or substantially rehabilitated unless so required by an agency.

To estimate the number of housing units that need to be affordable to low and moderate income households, the Agency estimated the total number of units that may be constructed or substantially rehabilitated in the Project Area over the life of the Redevelopment Plan and applied the required formulas provided for in the CRL.

The Project Area, at the time of formation, was substantially built out. It included a commercial core area located along both sides of El Toro Road and an area of mixed commercial and light industrial located on the east side of El Toro Road south of the railroad tracks. The area surrounding the commercial corridor and light industrial area is occupied by existing residential land uses made up of single-family and multi-family units and mobile homes. Since the Redevelopment Plan's adoption in 1988, there has been no new residential construction or substantial rehabilitation in the Project Area, thus the Agency has no inclusionary housing obligation to date. However, Agency staff estimates that a small number of infill units could be built in the future that trigger an inclusionary housing obligation over the remaining life of the Redevelopment Plan.

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

**ACTUAL AND PROJECTED HOUSING PRODUCTION NEEDS
BY TIME PERIOD**

TABLE 3

Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in Project Area*	Required Affordable Units*	
		Total	Very Low
Prior to 2009-10	0	0	0
10 Year Forecast	0	0	0
2009-10 to 2013-14	0	0	0
2014-15 to 2018-19	0	0	0
Remaining Plan Duration (2019-20 to 2027-28)	5	1	1
Total	5	1	1

Notes:

*All required units based on 15 percent of assumed units developed by entities other than Agency. No units are expected to be developed by the Agency itself (which would trigger a 30 percent inclusionary unit requirement).

The Agency does not anticipate a need to produce inclusionary housing units in the Project Area during the Compliance Period. As shown in the above table, no housing units have been newly constructed or substantially rehabilitated in the Project Area since its adoption, and the Agency does not anticipate that any housing units will be built or substantially rehabilitated in the Project Area over the next ten years. Although the Agency proposes rehabilitating housing units over the next ten years, it does not anticipate any activity resulting in substantial rehabilitation. If the Agency happens to generate an inclusionary housing need by substantially rehabilitating housing units over the next ten years, it will comply with inclusionary housing mandates. While the majority of the Project Area zoned for residential use is already developed, there is a possibility that second units could be developed on larger lots in single family areas over the remaining life of the Redevelopment Plan. The Agency estimates that one very low income unit may need to be produced over the duration of the Redevelopment Plan.

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

FULFILLMENT OF AFFORDABLE HOUSING PRODUCTION REQUIREMENTS BY TIME PERIOD

TABLE 4

Time Period	Units Required (see previous table)		Units Produced		Additional Units Required		Net Surplus Units Produced	
	Total	VL	Total	VL	Total	VL	Total	VL
Prior to 2009-10	0	0	3	0	0	0	3	0
<i>New Construction</i>								
<i>Substantial Rehab</i>								
<i>Covenant Purchases</i>								
10 Year Forecast	0	0	0	0	0	0	3	0
2009-10	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0
2014-15 to 2018-19	0	0	0	0	0	0	0	0
Remaining Plan Duration (2019-20 to 2027-28)	1	1	0	0	1	1	2	0
Total	1	1	0	0	0	0	2²	0

As shown in the above table, the Project Area does not have an affordable housing production need over the next ten years because no units are expected to be built or substantially rehabilitated within the Project Area. The Agency may be required to produce one very low income unit over the duration of the Redevelopment Plan. Additionally, as a result of the creation of six affordable units prior to Fiscal Year 2009-2010, the Agency has an existing net surplus of three units.

² The net surplus of two affordable units is dependent on either an extension of existing affordability covenants with the Bellecour Way Apartment Community or the replacement of these units through creation or substantial rehabilitation of other affordable units.

Replacement Housing

The CRL requires that, whenever housing occupied by low and moderate income persons or households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated. These replacement units must provide at least the same number of bedrooms destroyed, and 100 percent of the replacement units must be affordable to the same income categories as those removed.

During the Compliance Plan period, the Agency does not anticipate that any Agency-assisted projects will result in the displacement or removal of housing units. Consequently, the Agency does not anticipate that any housing will need to be replaced at this time.

HOUSING FUND

The Agency's primary source of funding for housing projects and programs is the annual deposit of 20 percent of its tax increment revenue into a special housing set-aside fund. The CRL requires that these funds be used to increase, improve, and preserve the community's supply of affordable housing available to persons and families of very low, low, and moderate incomes. Other sources of Housing Fund revenues include interest earnings.

Table 5 presents a five-year projected cash flow for the Agency's Low and Moderate Income Housing Fund for the remainder of the Compliance Period. The Agency deposits 20 percent of gross tax increment revenues into its Housing Fund. The cash flow indicates that the Agency will have sufficient revenue to support all proposed housing projects and programs.

Due to the fact that the Project Area was formerly a County redevelopment project area prior to the City's incorporation, it remains a subset of the County's redevelopment project areas. Tax increment flows from the County to the Agency. As a result, tax increment revenues received each fiscal year are based on prior year assessed values. For example, tax increment received in Fiscal Year 2009-10 is based on Fiscal Year 2008-09 assessed values. Therefore, the tax increment revenues reported in Table 5 for Fiscal Years 2009-10 and 2010-11 are based on actual assessed values. The Project Area's assessed value decreased by 13 percent from 2008-09 to 2009-10. The projections for future years take current economic conditions into account and apply conservative growth rates. The figures presented are subject to change due to fluctuations in the local economy and a potential State take of redevelopment funds. The State may reassess property values in the Project Area over the next several months to be lower, which would lead to a decline in tax increment. The Agency will be monitoring the local economy closely over the next five year period to take market conditions into account when planning its projects and programs.

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

Lake Forest Redevelopment Agency

FIVE YEAR CASH FLOW FORECAST - HOUSING FUND		TABLE 5				
	Second 5-year Period of 2004/05-2013/14					Total 2nd 5 Year Period
	1	2	3	4	5	
	2009-10	2010-11	2011-12	2012-13	2013-14	
BEGINNING BALANCE	\$2,794,462	\$2,439,520	\$2,103,058	\$1,975,089	\$1,579,091	
Carry Over from Prior Fiscal Year	\$648,360					
REVENUES						
Tax Increment	\$990,152	\$840,948	\$816,161	\$816,161	\$849,422	\$4,312,844
Interest	\$50,000	\$56,800	\$65,700	\$74,300	\$83,000	\$329,800
TOTAL REVENUES	\$1,040,152	\$897,748	\$881,861	\$890,461	\$932,422	\$4,922,191
TOTAL AVAILABLE FUNDS	\$4,482,974	\$3,337,268	\$2,984,919	\$2,865,550	\$2,511,513	
EXPENDITURES						
Laguna Hills Share of Housing	\$21,454	\$21,429	\$22,345	\$23,267	\$24,222	\$112,718
Agency Operation & Planning	\$231,000	\$222,480	\$229,155	\$236,029	\$243,110	\$1,161,774
Projects & Programs						
Bellacour Way Community - Trammel Crow						
Housing Rehabilitation Loan Program	\$291,000	\$240,300	\$258,330	\$277,163	\$296,879	\$1,363,672
Purchase of Affordability Covenants on Existing Units		\$250,000	\$250,000			\$500,000
Incentives for New Affordable Housing Units*				\$500,000	\$500,000	\$1,000,000
Provision of Transitional Living Units*	\$500,000					\$500,000
Purchase & Rehabilitation of Distressed Units*	\$500,000	\$500,000				\$1,000,000
First-Time Homebuyer Program*, **	\$500,000					\$500,000
Rehabilitation of Rental Properties			\$250,000	\$250,000		\$500,000
Housing Plan Implementation						\$0
Creative Affordable Housing Opportunities						\$0
OCTA Land Pruchase - Housing						\$0
Subtotal of Projects & Program Cost	\$1,791,000	\$990,300	\$758,330	\$1,027,163	\$796,879	\$5,363,672
TOTAL EXPENDITURES	\$2,043,454	\$1,234,209	\$1,009,830	\$1,286,459	\$1,064,211	\$6,638,164

*Not currently included in the Agency's budget.

**Proposed allocations assume reprogramming of \$400,000 allocated to Saguaro Neighborhood Improvements approved as part of the FY2009-10

Expenditures by Household Types

Effective January 2002 and as amended in 2006, expenditure of housing set-aside revenues is subject to certain legal requirements. Pursuant to Section 33334.4(a) of the CRL, Housing Fund expenditures must be expended at a minimum in proportion to the City's fair share of the Regional Housing Need Assessment (RHNA) unit need for very low and low income units as compared to the total unit need for very low, low and moderate income units. The number of units in each income category in the City's RHNA figures may be adjusted for units not assisted by the Agency that feature 55 or 45-year covenants.

Table 6 illustrates the RHNA unit need for the City of Lake Forest for years 2006 through 2014 based on figures from the draft 2008-2014 Housing Element.

CITY RHNA ALLOCATION 2006 TO 2014

TABLE 6

Income Category	Housing Units	% of Total
Very Low	6	20.7%
Low	5	17.2%
Moderate	6	20.7%
Upper Income	12	41.4%
Total Housing Units	29	100.0%

Table 7 provides the calculation of the RHNA unit figures excluding the Upper Income numbers to provide pursuant to the CRL the minimum required percentage allocation of Housing Fund dollars to very low and low income persons for this 10 year period. It also shows the maximum percentage of Housing Fund expenditures that may be spent on elderly households pursuant to CRL Section 33334.4(b).

PROPORTIONALITY REQUIREMENTS**TABLE 7**

Household Type	Required Percentage of Housing Set-Aside Expenditures over Implementation Plan
Total Population of the City (2000)	58,707
Total Population Under Age 65 (2000)	53,656
Very Low Income Households	35.3% min.
Low Income Households	29.4% min.
Moderate Income Households	35.3% max.
Households Age 65+	28.4% max.

The minimum percentage of very low and low income household expenditures are based upon RHNA mandates in which 6 of the 17 (35 percent) affordable units in the City's housing needs are applicable for very low-income households and 5 units (29 percent) are applicable for low income households. RHNA allocates 6 units (35 percent) maximum for moderate income households. The Agency must spend a minimum of 35 percent of its Housing Fund on very low income households and 29 percent on low income households during this ten-year Housing Compliance Plan period. The remaining amount may be spent on very low, low, or moderate income households, however no more than 35 percent may be spent on moderate income households.

Section 33334.4(b) requires that Housing Fund expenditures be not more than the proportion of the number of low income families (under the age of 65) compared to the number of low income seniors within the City for senior housing. The minimum percentage of expenditures for housing to households under the age of 65 is calculated based on 2000 Census data, as reported in the Comprehensive Housing Affordability Strategy, wherein 4,129 of the City's 5,769 low income households (72 percent) are under the age of 62³. No more than 28 percent of Project Area housing set-aside funds may be expended on housing for households age 65 and older.

The CRL's proportionality requirements affect expenditures over a ten year period, although the law permits compliance for an initial period beginning in January 2002 and ending in June 2014. Table 8 documents the amount of low and moderate income housing fund revenue used since January 2002 for these income categories and family projects (open to all age groups). It also shows how the Agency plans on meeting proportionality requirements over the remaining ten year compliance period.

³ Data relating to low income persons under the age of 65 is not readily available from the U.S. Census; the metric that closest approximates it is from the U.S. Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy ("CHAS") database, which is based off U.S. Census data. CHAS provides data on the number of low income households below the age of 62.

LAKE FOREST REDEVELOPMENT PROJECT AREA

Updated 10-Year Affordable Housing Compliance Plan 2004-05 through 2013-14

PROJECT AREA ACTUAL AND PROJECTED HOUSING SET-ASIDE EXPENDITURES

TABLE 8

	Very Low	%	Low	%	Moderate	%	Total	Families Under Age 65	%
Prior to 2009 (2002 to 2009)									
Actual	\$0	0.0%	\$ 95,333	66.7%	\$ 47,667	33.3%	\$ 143,000	\$ 143,000	100%
2002	-	0.0%	95,333	66.7%	47,667	33.3%	143,000	143,000	100%
2003-2009	-	0.0%	-	0.0%	-	0.0%	-	-	0%
Next 5 Years (2009 to 2014)									
(Reflects the expenditures necessary to meet income and age targeting requirements)									
Projected	\$ 1,971,743	36.2%	\$ 1,600,546	29.4%	\$ 1,871,743	34.4%	\$ 5,444,032	\$ 5,000,000	92%
2010	680,590	36.4%	550,180	29.4%	640,590	34.2%	1,871,360	1,000,000	
2011	364,576	36.8%	291,148	29.4%	334,576	33.8%	990,300	1,000,000	
2012	282,690	37.3%	222,949	29.4%	252,690	33.3%	758,329	1,000,000	
2013	362,589	35.3%	301,986	29.4%	362,589	35.3%	1,027,164	1,000,000	
2014	281,298	35.3%	234,283	29.4%	281,298	35.3%	796,879	1,000,000	
10 Year Housing Compliance Period (2002 to 2014)									
Actual/ Projected	\$ 1,971,743	35.3%	\$ 1,695,879	30.4%	\$ 1,919,410	34.4%	\$ 5,587,032	\$5,143,000	92.0%
Required	\$ 1,971,894	35.3%	\$ 1,643,245	29.4%	\$ 1,971,894	35.3%	\$ 5,587,032	\$3,998,762	71.6%

In Fiscal Year 2001-02, the Agency provided \$143,000 to Trammel Crow Residential to provide new affordable housing units within the City of Lake Forest, restricting six units for a period of 15 years. The Agency plans to spend its Housing Fund on projects to meet its proportionality requirements for the remainder of the Ten-Year Housing Compliance Plan period.

Family Units Assisted by Housing Set-Aside Fund

The CRL also requires a recap of the number of the projects assisted by the Housing Fund over the past implementation plan period, divided by family projects (open to all age groups) and senior projects (restricted to residents age 65 and older). The chart below summarizes these statistics by project from January 2002 (when proportionality requirements took effect) through June 2009.

FAMILY UNITS ASSISTED**TABLE 9**

Project/Location	Housing Set-Aside Expenditures	Units Assisted by Housing Set-Aside Fund (January 2002 – June 2009)				
		Ext. Low	Very Low	Low	Mod.	Tot.
Family Projects	\$143,000 (100%)	0	0	4	2	6
Bellecour Way	\$143,000		0	4	2	6
Senior Projects	\$0 (0%)		0	0	0	0
Totals	\$143,000 (100%)	0	0	4	2	6

Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds

Since January 2000, no other funding source was used by the Agency to construct affordable units featuring long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).

ADMINISTRATION OF THE IMPLEMENTATION PLAN

As detailed in the Introduction of this Plan, the Agency is required to produce an Implementation Plan every five years that includes a Housing Compliance Plan. After adoption of the first implementation plan, a new plan is to be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle. The housing compliance plan is to be updated after five years in the middle of the compliance plan period.

Implementation Plan Adoption Process

Each Implementation Plan must be presented and adopted at a duly noticed public hearing of the Agency. Notice of the public hearing must be conducted pursuant to this Section 33490 of the CCRL. The notice must be published pursuant to Section 6063 of the Government Code, mailed at least three weeks in advance to all persons and agencies that have requested notice, and posted in at least four permanent places within the Project Area for a period of three weeks. Publication, mailing, and posting shall be completed not less than 10 days prior to the date set for hearing.

The Agency may amend the implementation plan at any time after conducting a public hearing on the proposed amendment.

Mid-Term Implementation Plan Review Process

At least once within the five-year term of this Implementation Plan, the Agency must conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation plan for each redevelopment project. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.



Lake Forest Redevelopment Agency
2550 Commercentre Drive
Lake Forest, CA 92653
(949) 461-3567

Adopted _____, 2009